

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 715 **DATE:** April 7, 2009
Version: Second committee engrossment
Authors: Newton
Subject: Service Disabled veterans; preference of up to 6 percent in bid amount provided to service disabled veteran-owned small businesses in the procurement of state contracts for goods and services
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Overview

Under current law, the Commissioner of Administration must ensure that Minnesota based small businesses receive at least 25 percent of the value of anticipated total state procurement of goods and services in each year, by dividing such procurements into economically feasible production runs suitable for small businesses. Every state agency must do likewise.

This bill directs the Commissioner of Administration to provide veteran-owned small businesses that are majority owned by service disabled veterans with a preference of up to a 6-percent in the amount bid for those state agency contracts, as well as for certain contracts set aside for small businesses by MnDOT, the Metropolitan Council and the University of Minnesota.

Ownership of 51 percent or more by one or more disabled veterans is considered a *veteran owned business*. A veteran is “*service disabled*” if his or her disability is *service-connected*, as determined by the United States Department of Veterans Affairs.

The commissioner *is not required* by the bill to designate such businesses as *targeted group businesses* for this purpose. Instead, the singling out of veteran-owned small businesses for state contracting preference under this bill is akin to the current law singling out of small businesses located in economically disadvantaged areas – i.e., simply by legislative fiat.

- 1 (a) **Service Disabled Veteran-owned small businesses; preference provided.** This section proposes coding in new law to provide service disabled veteran-owned small businesses with up to a 6-percent preference in the amount bid on state contracts for certain goods and services being procured by state agencies.
- (b) **Purpose statement.**

(c) **Definitions.**

- 2 **Certification.** The new language in this section of the bill piggybacks state verification of veteran owned small businesses onto the new federal Small Business Administration process of verifying such businesses, thereby eliminating state expenditures for duplicating this process.
- 3 **Other Agencies.** Ensures that service disabled veteran owned businesses will be able to participate in the current small business contracting set aside programs administered by MnDOT, the Metropolitan Council, and the University of Minnesota for targeted group small businesses and for small businesses located in economically disadvantaged areas.
- 4 **Department of Transportation.** Conforming language.
- 5 **Metropolitan Council.** Conforming language.

Effective date. **Effective for contracts let on or after July 1, 2009**